

# Advisory Opinion

IECDB AO 2009-03

April 30, 2009

TO ALL INTERESTED PERSONS:

Pursuant to Iowa Code section 68B.32A(12) and rule 351—1.2, the Iowa Ethics and Campaign Disclosure Board issues this opinion on a candidate charging interest on a loan to the candidate's own campaign committee. We note at the outset that the Board's jurisdiction is limited to the application of Iowa Code chapters 68A and 68B, Iowa Code section 8.7, and rules in Iowa Administrative Code chapter 351. Advice in a Board opinion, if followed, constitutes a defense to a subsequent complaint based on the same facts and circumstances.

OPINION:

In IECDB Advisory Opinion 2006-16 the Board opined that a candidate could loan money to the candidate's own campaign committee and charge the committee up to 5 percent interest on the loan without violating the prohibition on the use of campaign funds for personal benefit.<sup>1</sup>

The 2009 General Assembly passed Senate File 50 that prohibits, in part, a candidate from using campaign funds to pay the candidate, the candidate's spouse, or the candidate's dependent children a "salary, gratuity, or other compensation."<sup>2</sup> It is our opinion that charging interest on a personal loan that a candidate makes to the candidate's own campaign is a form of "compensation" that the General Assembly is seeking to prohibit.

IECDB Advisory Opinion 2000-16 is therefore rescinded and the Board will be initiating the rulemaking process to amend rule 351—4.25(1)"u" accordingly.

BY DIRECTION AND VOTE OF THE BOARD

James Albert, Board Chair  
Janet Carl, Vice Chair  
Gerald Sullivan  
Betsy Roe  
John Walsh  
Patricia Harper

Submitted by: W. Charles Smithson, Board Legal Counsel

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<sup>1</sup> The opinion was subsequently adopted into rule 351–4.25(1)“u”.

<sup>2</sup> See 2009 Iowa Acts, Senate File 50.